



Sanara MedTech Inc. Announces Second Quarter 2024 Results

August 12, 2024

FORT WORTH, TX / GlobeNewswire / August 12, 2024 / Sanara MedTech Inc. Based in Fort Worth, Texas, Sanara MedTech Inc. (“Sanara,” the “Company,” “we,” “our” or “us”) (NASDAQ: SMTI), a medical technology company focused on developing and commercializing transformative technologies to improve clinical outcomes and reduce healthcare expenditures in the surgical, chronic wound and skincare markets, announced today its strategic, operational and financial results for the quarter ended June 30, 2024.

Ron Nixon, Sanara’s CEO, stated, “The second quarter of 2024 was Sanara’s eleventh consecutive record revenue quarter. Our surgical team continues to generate strong sales driven by the efficacy and value proposition of our products. All of our functional areas including clinical, research and development, customer service, marketing, and finance continue to do an outstanding job supporting our growth strategy. In addition to our financial success this quarter, we also took steps to strengthen our senior management team.”

Strategic and Operational Highlights in the Second Quarter 2024

- During the second quarter of 2024, the Company generated a record \$20.2 million in sales, representing an eleventh consecutive record revenue quarter for the Company.
- For the three months ended June 30, 2024, the Company had a net loss of \$3.5 million, compared to a net loss of \$1.9 million for the three months ended June 30, 2023. The Company generated Adjusted EBITDA* of \$0.6 million for the three months ended June 30, 2024, compared to Adjusted EBITDA* of (\$0.3) million for the three months ended June 30, 2023.
- The Company executed an agreement with a national GPO, increasing the number of facilities where the Company’s products are contracted or approved to be sold by over 1,000.
- The Company currently has agreements with 300+ distributors (+70 since Jan 2024) with 2,500+ potential sellers (+400 since Jan 2024).
- During the trailing twelve-month period, the Company’s products were sold in over 1,100 facilities across 34 states plus the District of Columbia.⁽¹⁾
- The Company’s products were contracted or approved to be sold in more than 4,000 hospitals/ambulatory surgery centers as of June 30, 2024.
- The Company announced the appointments of Jake Waldrop as Chief Operating Officer and Tyler Palmer as Chief Corporate Development and Strategy Officer.
- The Company announced that it has entered into a \$55.0 million non-dilutive term loan agreement with CRG Servicing LLC (“CRG”), an affiliate of CRG LP, a healthcare focused investment fund, to support the Company’s growth initiatives in 2024 and 2025. The Company received \$15.0 million in gross proceeds at closing and, subject to certain conditions, has the option to draw up to \$39.8 million (as of June 30, 2024) in additional funds in two tranches before June 30, 2025.

⁽¹⁾ Based on a minimum of \$50,000 of revenue in the trailing twelve-month period.

* Adjusted EBITDA is a non-GAAP financial measure. See the discussion and the reconciliations at the end of this release for additional information.

Second Quarter 2024 Sales Analysis (Consolidated)

During the second quarter of 2024, the Company continued to further penetrate existing accounts while also expanding into new territories, growing the number of facilities where our products were sold to 800+ in Q2 2024 compared to 600+ in Q2 2023. For the quarter ended June 30, 2024, Sanara generated net revenue of \$20.2 million compared to net revenue of \$15.8 million for the quarter ended June 30, 2023, a 28% increase from the prior year period. The higher net revenue in the second quarter of 2024 was due to increased sales of soft tissue repair products (CellerateRX[®] Surgical Activated Collagen[®], FORTIFY TRG[®] Tissue Repair Graft, FORTIFY FLOWABLE[®] Extracellular Matrix, BIASURGE[®] and TEXAGEN[®] Amniotic Membrane Allograft) as well as a result of increased market penetration, geographic expansion and the Company's continuing strategy to expand its independent distribution network in both new and existing U.S. markets.

Earnings Analysis (Consolidated)

Sanara reported a net loss of \$3.5 million for the quarter ended June 30, 2024, compared to a net loss of \$1.9 million for the quarter ended June 30, 2023. The higher net loss in 2024 was primarily due to increased SG&A costs related to direct sales and marketing expenses, which increased \$3.4 million compared to the prior year, \$0.9 million of executive separation costs, \$0.4 million of acquisition costs and higher amortization expenses of \$0.3 million related to our intangible assets acquired from Applied Nutritionals during the third quarter of 2023. Our net loss in the second quarter of 2024 also included \$0.6 million of interest expense due to our term loan with CRG. These increased costs were partially offset by higher gross profit of \$4.6 million and lower R&D expenses of \$0.2 million.

The Company generated Adjusted EBITDA of \$0.6 million for the quarter ended June 30, 2024, compared to Adjusted EBITDA of (\$0.3) million for the quarter ended June 30, 2023.

Earnings Analysis (Segmented)

Sanara Surgical generated a net loss of \$2.2 million for the quarter ended June 30, 2024, compared to net income of \$0.1 million for the quarter ended June 30, 2023. Tissue Health Plus ("THP") produced a net loss of \$1.3 million for the quarter ended June 30, 2024, compared to a net loss of \$2.0 million for the quarter ended June 30, 2023.

Sanara Surgical generated Segment EBITDA* of \$1.4 million for the quarter ended June 30, 2024, compared to Segment EBITDA* of \$1.1 million for the quarter ended June 30, 2023. THP produced Segment EBITDA* of (\$0.8) million for the quarter ended June 30, 2024, compared to Segment EBITDA* of (\$1.4) million for the quarter ended June 30, 2023.

* Segment EBITDA is a non-GAAP financial measure. See the discussion and the reconciliations at the end of this release for additional information.

Conference Call

Sanara will host a conference call on Tuesday, August 13, 2024, at 9:00 a.m. Eastern Time. The toll-free number to call for this teleconference is 888-506-0062 (international callers: 973-528-0011)

and the access code is 984768. A telephonic replay of the conference call will be available through Tuesday, August 27, 2024, by dialing 877-481-4010 (international callers: 919-882-2331) and entering the replay passcode: 50973.

A live [webcast](#) of Sanara's conference call will be available under the Investor Relations section of the Company's website, www.SanaraMedTech.com. A one-year online replay will be available after the conclusion of the live broadcast.

About Sanara MedTech Inc.

Sanara MedTech Inc. is a medical technology company focused on developing and commercializing transformative technologies to improve clinical outcomes and reduce healthcare expenditures in the surgical, chronic wound and skincare markets. The Company markets, distributes and develops surgical, wound and skincare products for use by physicians and clinicians in hospitals, clinics and all post-acute care settings and offers wound care and dermatology virtual consultation services via telemedicine. Sanara's products are primarily sold in the North American advanced wound care and surgical tissue repair markets. Sanara markets and distributes CellerateRX[®] Surgical Activated Collagen, FORTIFY TRG[®] Tissue Repair Graft and FORTIFY FLOWABLE[®] Extracellular Matrix as well as a portfolio of advanced biologic products focusing on ACTIGEN[™] Verified Inductive Bone Matrix, ALLOCYTE[®] Plus Advanced Viable Bone Matrix, BiFORM[®] Bioactive Moldable Matrix, TEXAGEN[®] Amniotic Membrane Allograft, and BIASURGE[®] Advanced Surgical Solution to the surgical market. In addition, the following products are sold in the wound care market: BIAKÖS[®] Antimicrobial Skin and Wound Cleanser, BIAKÖS[®] Antimicrobial Wound Gel, and BIAKÖS[®] Antimicrobial Skin and Wound Irrigation Solution. Sanara's pipeline also contains potentially transformative product candidates for mitigation of opportunistic pathogens and biofilm, wound re-epithelialization and closure, necrotic tissue debridement and cell compatible substrates. The Company believes it has the ability to drive its pipeline from concept to preclinical and clinical development while meeting quality and regulatory requirements. Sanara is constantly seeking long-term strategic partnerships with a focus on products that improve outcomes at a lower overall cost.

Information about Forward-Looking Statements

The statements in this press release that do not constitute historical facts are "forward-looking statements," within the meaning of and subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. These statements may be identified by terms such as "aims," "anticipates," "believes," "contemplates," "continue," "could," "estimates," "expect," "forecast," "guidance," "intend," "may," "plan," "possible," "potential," "predicts," "preliminary," "projects," "seeks," "should," "targets," "will" or "would," or the negatives of these terms, variations of these terms or other similar expressions. These forward-looking statements include, among others, statements regarding the development of new products, the timing of commercialization of our products, the regulatory approval process and expansion of the Company's business in telehealth and wound care. These items involve risks, contingencies and uncertainties such as our ability to build out our executive team, our ability to identify and effectively utilize the net proceeds of the term loan to support the Company's growth initiatives, the extent of product demand, market and customer acceptance, the effect of economic conditions, competition, pricing, uncertainties associated with the development and process for obtaining regulatory approval for new products, the ability to consummate and integrate acquisitions, and other risks, contingencies and uncertainties detailed in the Company's SEC filings, which could cause the Company's actual

operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by these statements.

All forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to revise any of these statements to reflect the future circumstances or the occurrence of unanticipated events, except as required by applicable securities laws.

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[Q2-2024-Earnings and Business Update 8.12.2024 Final Download](#)